Identity Proofing via Precise ID[SM]

May 2012

Agenda

- Introductions

- FCC IP Relay Background / Objectives

§ Precise ID^{SM} Overview

§ Next Steps

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Experian overview

How Experian can help

A trusted third party identity and attribute provider delivering foundational support in the definition and promotion of the identity ecosystem

Four global business lines

Credit Services

Decision Analytics

Marketing Services

Interactive

Identity proofing expertise

Over a decade of providing hosted risk-based authentication services to private and public sector

Operational and thought leadership in data management, analytics and technology

Consultative approach to services design, implementation and evolution

What sets us apart

Depth and breadth of data assets

Best-in-class analytics and authentication services suite

Scale and resource capacity required in enabling Identity Proofing and risk assessment

Risk-based approach to identity proofing
Elements and value proposition

Element	Description	Value
Summary Detailed and summary-level consumer authentication results	Consumer authentication summary and detailed-level outcomes that portray the level of verification achieved across identity elements such as name, address, Social Security number, data of birth and phone	Delivers a breadth of information to allow positive reconciliation of high-risk fraud and/or compliance conditions Specific results can be used in manual or automated decisioning policies as well as scoring models
Strategy Flexibly-defined decisioning strategies and process	Data and operationally-driven policies, including KBA, that can be applied to the gathering, authentication and level of acceptance or denial of consumer identity information	Employ consistent policies for detecting high-risk conditions, reconciling those conditions that can be, and ultimately determine, the response to authentication results whether it is acceptance or denial of access Adjust as operational policies warrant

Risk-based approach to identity proofing
Elements and value proposition

Element	Description	Value
Data Broad reaching and accurately reported data sources	Data sources spanning multiple public record and/or consumer credit information	Far reaching and comprehensive opportunity to positively verify consumer identity elements
Analytics Target analytics	Scores designed to consistently reflect overall confidence in consumer authentication as well as fraud risk associated with identity theft, synthetic identities and first party fraud	Allows institutions to establish consistent and objective score-driven policies to authenticate consumers and reconcile high-risk conditions Reduce false positive ratio associated with single or grouped binary rules Provides internal and external examiners with a measurable tool for incorporation into both written and operational programs

What and why risk-based authentication?

Defined as:

§   Holistic assessment of a subject and transaction with the end goal of applying proportionate authentication and decisioning treatment

Core Value Propositions:

§   Efficiency and proportionality in process and transactional cost

§   Risk-assessment performance lift over traditional binary rule sets and policies

§   Customer / subject user experience

§   Evolutionary adoption of emerging technologies and data assets

§   Flexibility and interoperability with core platforms and 3rd party partners

Widely adopted as a best practice in Account opening and account management processes in markets such as:

Card issuers	Personal loans	
Demand deposit accounts	Mortgage	

Gaining broader acceptance in:

eGovernment	eCommerce	Healthcare
Automotive	Telco and utilities	

Precise ID^{SM} and Knowledge IQ^{SM}

Blending the industry's most extensive data, superior analytics and flexibility, Precise ID^{SM} is a single-platform hosted solution that operates across operational and access channels, as well as throughout the Customer Life Cycle, enabling robust fraud prevention and consumer authentication:

Ø Precise ID for Compliance
Ø Precise ID for ID Screening
Ø Precise ID for Account Opening
Ø Precise ID for Customer Management
Ø Knowledge IQ

Precise ID^{SM} application and use hundreds of clients across multiple industries

§ Account opening and ID screening relationships

- Card issuers
- DDA accounts
- eCommerce
- Government
- Direct to consumer
- Healthcare
- Personal loans
- Mortgage, HELOC
- Automotive
- Telco

§ Account changes

- Authentication of consumer during high risk transactions
- Risk assessment prior to expansion of relationship with consumer

Key Precise ID output elements
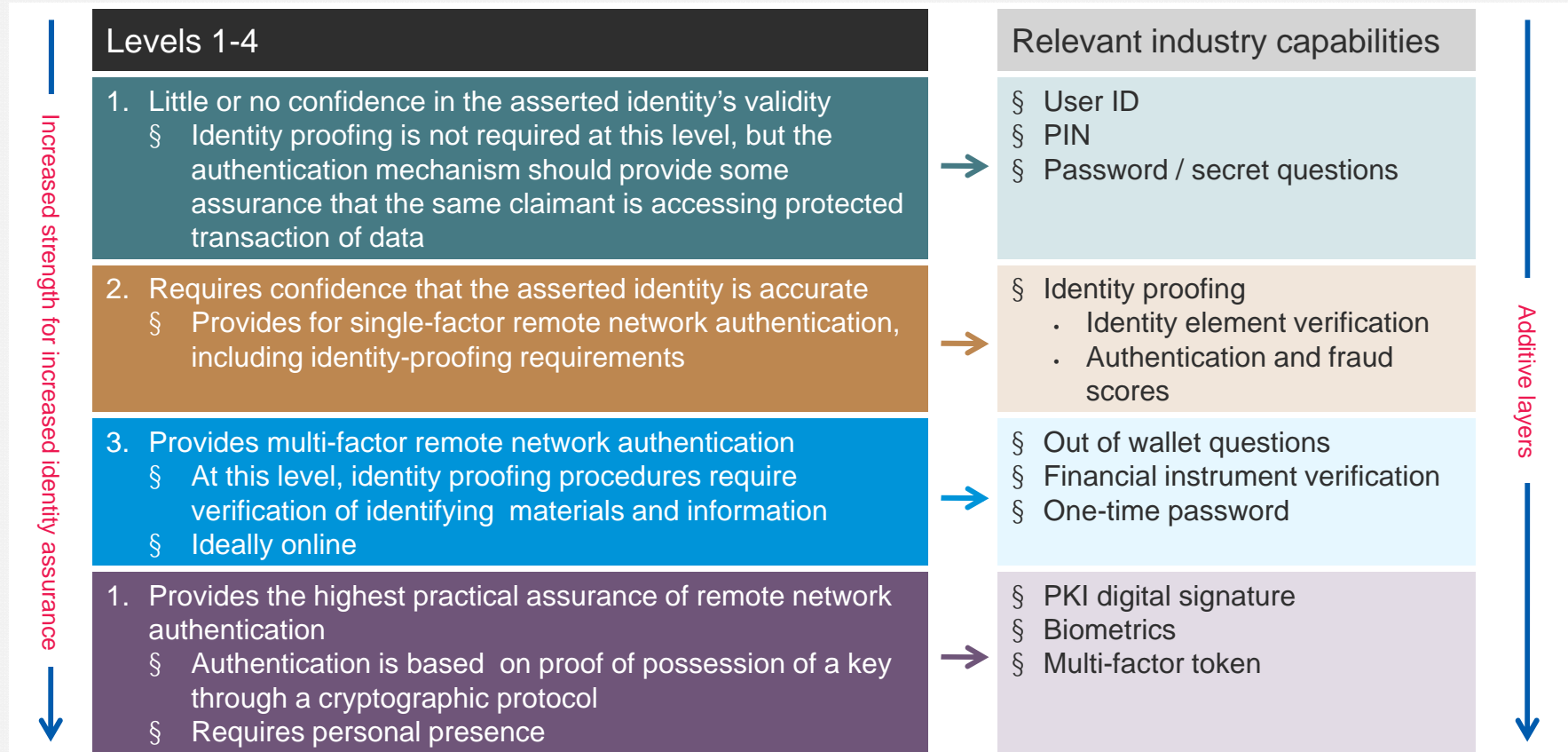
§ Checkpoint results – consumer demographic summary and detail

- Match level codes
- Additional addresses, consumers, phone, DOB, SSN info

§ Fraud Shield indicators

§ Shared application conditions

§ National Fraud Database

§ Fraud classification

§ IP address verification and detail

§ Credit card verification

§ Scores and score factors

§ Out of wallet questions

§ Decisioning

NIST SP 800-63 for the four levels of assurance defined by OMB

Increased strength for increased identity assurance

Levels 1-4

1. Little or no confidence in the asserted identity's validity
   § Identity proofing is not required at this level, but the authentication mechanism should provide some assurance that the same claimant is accessing protected transaction of data

2. Requires confidence that the asserted identity is accurate
   § Provides for single-factor remote network authentication, including identity-proofing requirements

3. Provides multi-factor remote network authentication
   § At this level, identity proofing procedures require verification of identifying materials and information
   § Ideally online

1. Provides the highest practical assurance of remote network authentication
   § Authentication is based on proof of possession of a key through a cryptographic protocol
   § Requires personal presence

Relevant industry capabilities

§ User ID
§ PIN
§ Password / secret questions

§ Identity proofing
   • Identity element verification
   • Authentication and fraud scores

§ Out of wallet questions
§ Financial instrument verification
§ One-time password

§ PKI digital signature
§ Biometrics
§ Multi-factor token

Additive layers

Current Identity Proofing Components

1. Precise ID for Account Opening score
   - 1 – 999 (higher score = lower risk)

2. Address Verification
   - Address verification to name via residential, phone, DL, or credit profile

3. Fraud Shield indicators
   - High risk conditions associated with a consumer credit profile

4. Knowledge IQ question performance
   - Multiple choice questions

5. Credit Card Verification match level results
   - Association or disassociation of credit card with a consumer

Identity Proofing Components
Decisioning

§ Combination of:

- Default Precise ID score and Knowledge IQ question - matrix

- Fraud Shield

- Credit Card verification

- Address verification

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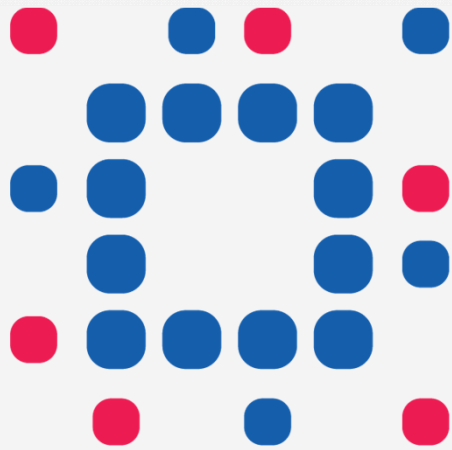# Identity Proofing Components
Opportunities to evolve over time

§ Performance monitoring

- Pass rates

- Fraud forensics

- Customer experience

§ Available 'dials' to turn in the decisioning strategy:

- Score thresholds

- Fraud Shield indicator combinations

- Question logic and performance thresholds

- Use of KBA and/or phone in lieu of credit card verification

- Address verification requirements